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ANNUAL REPORT OF THE ADMINISTRATOR FOR 1992 AND PROGRAMME-LEVEL ACTIVITIES

Management Development Programme

Report of the Administrator

SUMMARY

The operational activities of the Management Development Programme began towards the end of 1988. The present report covers implementation activities up to 31 December 1992. By that time, more than 90 Governments had requested support from the United Nations Development Programme under the Management Development Programme, and 51 country projects had been approved.

I. INTRODUCTION

1. The Management Development Programme (MDP) was established by the Governing Council in its decision 88/31 of 1 July 1988 with an earmarking of $60 million from Special Programme Resources (SPR). In the same decision, the Council laid down guiding principles for MDP operational activities. In its decision 89/39 of 30 June 1989, the Council took note of the revised guidelines for the programme. The Administrator of UNDP submitted reports on MDP to the Council at its thirty-seventh and thirty-eighth sessions (DP/1990/23 and DP/1991/12). The latter report took into account the evaluation of MDP requested by the Council in its decision 90/17 of 22 June 1990. That report also served as the basis for the Council's consideration of MDP operations. In its decision concerning SPR for the fifth programming cycle, the Council replenished the MDP facility with $40 million.

2. The main objective of MDP is to assist developing countries to achieve sustainable improvements in their public sectors by designing and carrying out long-term strategic programmes for management improvement. The promotion of strategic approaches to public management improvements is regarded as one of the key conditions for improved prospects for development in all six areas of focus for the fifth programming cycle as specified by the Governing Council in its decision 90/34 of 23 June 1990: poverty eradication and grass-roots participation in development; environmental problems and natural resource management; management development; technical cooperation among developing countries; transfer and adaptation of technology for development; and women in development. The thrust of MDP assistance is to help Governments build the capacity of public sector institutions necessary to carry out social and economic reforms. Emphasis is placed on comprehensive overviews as the basis for creating strategic programmes for management improvement with long-term sustainability.

II. MODES OF OPERATION

3. The initial step for the preparation of an MDP programme usually involves a reconnaissance or needs assessment mission of one to three weeks. The primary objective of the mission is to determine the level of government commitment to the process of public sector reform, determine the context for such a reform, and, if feasible, begin to establish the broad outlines for a comprehensive programming activity.

4. MDP reconnaissance missions are carried out by high-level experts who have extensive international experience in the field of public sector management. One or two international experts are usually included in the reconnaissance missions. Whenever possible, senior advisers from the MDP Unit lead the exercise. Every effort is also made to engage national consultants who can provide continuity and contribute to the full understanding of the local context underlying the process of reform.

5. Once a comprehensive needs assessment of the public sector has been undertaken, the next step in the MDP cycle is an MDP programming mission, the main purpose of which is to formulate strategic programmes for management

improvement based on the policies and priorities advanced by the Government during the reconnaissance phase. The proposed activities are directly related to an overall policy and combine mutually supportive lines of action towards capacity-building in the service of long-term institutional change.

6. While the comprehensive programme approach described is the preferred MDP mode of operation, there are situations where a more narrowly focused intervention is more appropriate - a comprehensive programme may be premature or politically impossible. The volume of contributions from financial institutions and other donors may also limit UNDP support, particularly in large countries, or where UNDP resources are small. In such cases, MDP searches more for the potential for strategic impact on a reform process and less for a full-scale programme.

7. Both in the reconnaissance and programming phases, the MDP mission establishes effective working relationships and a sense of partnership between the host country and the various donor organizations involved in public sector management improvement. MDP stresses participatory approaches and systemic change. The experience of MDP demonstrates that only where ownership of the reform process is truly local and the country's leadership has genuinely endorsed the process will the proposed institutional change succeed. In creating the conditions for the Government to lead the process of systemic change, and in helping to establish individual and shared responsibility for implementation of the strategy, MDP employs what is usually referred to as a process consulting methodology.

8. The use of a programme approach, combined with process consulting methodologies, helps to ensure a coherent and integrated government policy in which actions taken to improve the performance of the public sector are guided by consistent principles, objectives and concerns. The programme approach also serves to provide Governments with a framework under which MDP can assist it to identify projects and mobilize the necessary funding from donor agencies who wish to play a supportive role in the policies and priorities established by Governments. In this context, MDP funds can play a catalytic role in helping Governments to design management improvement programmes, launch their implementation, and mobilize additional resources.

III. ACHIEVED RESULTS

9. The operational activities of MDP began towards the end of 1988. By 31 December 1992, project activities for management improvement, fully or partially financed from MDP funds, had been approved in 51 countries. UNDP has so far used $50.2 million ($43.7 million in the fourth cycle and $6.5 million in the fifth cycle) of MDP funds for programming and its contributions to projects and $26.2 million of indicative planning figure (IPF) funds for projects planned under MDP. An amount of $10 million has been contributed from non-UNDP sources to UNDP projects developed within the framework of MDP. In addition, MDP seed money has been the critical factor in launching the implementation of programmes and in attracting cost-sharing and parallel financing from other bilateral and multilateral funding agencies.

10. The focus of MDP programmes depends on the policies and priorities established by the Government to improve the management capabilities of the public sector. The following table summarizes the main areas of focus of projects and programmes that have been approved or are under development in over 100 countries receiving MDP support.

Main fields of concentration in MDP programmes, by region

(Number of countries in each region)

Area of focus	RBA	RBAP	RBLAC	RBAS	DEC	Total
Streamlining of government machinery, including civil service reform and human resources management and training	21	14	11	8	6	60
Economic and financial management	8	8	13	1	8	38
Decentralization and strengthening of local government	8	7	9	2	4	30
Public-private sector interface	4	1	9	1	3	18

11. In four years of operation, MDP has accumulated wide, significant experience in administrative reform. An evaluation of MDP will be conducted in 1993 to report on the results and achievements gained from the first four years of MDP activities. In 1992, MDP began the systematic analysis and dissemination of lessons and country experiences in public sector management development. In the same year, MDP sponsored an international colloquium on transitional economies and regional workshops for Africa and Latin America on management development and innovation, all co-financed by non-SPR funds. Discussion papers and a quarterly newsletter on management development issues were also launched in 1992. The systematic publication and dissemination of experiences and innovations will increase significantly during the fifth cycle.

12. MDP experience from its initial phase of operational activities has led to the development of applied methodologies in process consulting and the programme approach to public sector management reforms. Guidelines and working manuals will be published in the first half of 1993 to promote more systematic needs assessments and provide guidance for programme design and formulation. The purpose of MDP manuals and guidelines will be to document experience with MDP programmes that have operated on two complementary principles: cross-fertilization of learning and methodological innovations for leadership and ownership that allows for greater internalization and long-term sustainability of the reform process. Governments have found MDP programmes effective in improving the integration of policies and the coordination of donor assistance in support of their management improvement programmes.

13. MDP operations give special attention to the role and opportunities accorded to women in management positions. MDP reconnaissance and programming missions address the gender aspects of public sector reform programmes.

Guidelines on the promotion of women in management have been developed. In addition, gender issues will be addressed specifically in the guidelines and manuals now being developed for programme formulation. Along the same lines, MDP is establishing a global database of developing-country nationals and women consultants to tap their experience and promote their contribution to the internalization and innovation of management change processes.

14. In the implementation of approved projects, MDP has stressed the need for national execution to promote greater sustainability and internalization of project results in the host country administration. During the fifth programming cycle, national execution will continue to be the preferred mode of implementation. The annex to the present report presents the achieved outputs and results of four MDP-supported projects.

IV. AGENDA FOR THE 1990s AND AREAS OF FOCUS

15. The establishment of MDP coincided with the dramatic political and economic changes that were transforming the world in the late 1980s. The shift towards market economies, the rise of democratic systems in many regions, and the collapse of the Soviet Union provided a new impetus for MDP-assisted reforms. The widely accepted allocation of resources through the market, the increased role of the private sector, and the greater participation of actors outside the public sector (enterprises, non-governmental organizations (NGOs), media, etc.) in a country's development process has raised the need for more efficient and effective public management systems, by which government agents are seen as leading partners, rather than commanders or controllers of change. Currently, countries across the world are undergoing profound structural changes in their economic and political systems that demand systemic change, and a redefinition of roles and of the relationships between different parts of the government administration as well as between the government administration and the public. When the roles of the public sector are changing as a result of the adoption of new principles of governance, a systemic approach is essential to improve the effectiveness and efficiency of the public sector. Systemic change is a continual and ongoing process, the ultimate goal of which is to renew the capacity of public administration to facilitate national development in close association with the private sector and community-based organizations (CBOs).

16. The required macro-economic stability for structural reforms in several fields and the management of complex policies demand, from all countries, increased competence, accumulative organizational knowledge, decentralization and increased implementation of principles of accountability, in combination with political commitment to the process of reform. The role of MDP in this context will be to help Governments to build the institutional and organizational capacity to manage the implementation of the economic and financial reform process, using the process already described and through an approach more concerned with the overall system of economic and financial management rather than individual institutions or ministries.

17. MDP programmes of assistance will reflect the priorities of countries towards the modernization of the state - that is, areas of administrative reform, including issues of civil service reform and organizational

development, areas in which MDP has gained considerable experience and knowledge. In a second phase, it is intended that projects will add a new dimension to the human-resources-management component by providing advice on how to attract, motivate and retain qualified cadres in the public administration.

18. The democratic process and the search for new systems for a better participation of people in both political and economic processes have raised the demand for MDP assistance to the process of decentralization. The shift towards market-oriented economies, the quest for equitable access to resources, the need to bring the public administration closer to people and the involvement of the private sector, NGOs and CBOs as producers of public and community services requires a new share of power between the different levels of government and society. Process consulting has proven to be very effective to build awareness of the political, administrative, economic and financial dimensions involved in decentralization.

19. In some countries, MDP will assist the Government to prepare public policies to improve an enabling environment for private sector development. In such cases, MDP does not finance private sector development or privatization processes, but rather focuses on the relationship of government with the private sector.

20. Finally, it is worthwhile noting that the methodological, innovative approaches of MDP, as described above (process consulting and programme approach to public sector management development), are being increasingly used for programming other UNDP activities in public management. Therefore, MDP resources, both financial and advisory, will increasingly become an instrument to assist Governments in their efforts to prepare more comprehensive and strategic programmes for public management reforms, financed either by IPFs or other resources. Comprehensive programmes divided into specific, focused projects will help both the donor community and the recipient Government to coordinate better the use of inputs and expected outputs.

Annex

MDP-SUPPORTED PROJECTS

Presented below are four sample MDP-supported projects from three different regions, citing the significant outputs or results obtained.

URUGUAY

Project URU/90/002 (Modernization of the State). The President of Uruguay stated in his 1990 annual report to Parliament that this project has permitted a quantifiable savings of $28 million in public services, plus additional savings estimated to be of the same scale. MDP has helped achieve these savings through its support to PRONADE, the National debureaucratization programme.

In the first two years of operations, PRONADE has introduced a new accounting and financial management law that now regulates public finances on the basis of efficiency, transparency and operational flexibility. New administrative procedures eliminated hundreds of bureaucratic conventions that hindered citizens and the productive private sector. A single computerized registry of revenue-generating organizations and individuals has greatly reduced fiscal evasion and simplified record keeping. Functional reviews have led to delegation of authority which, in the Office of the President for example, has led to a reduction of 80 per cent in the circulars and 65 per cent in the resolutions requiring the President's signature.

In the public act approving the Reform of Administrative Procedures (Decree 500/1991), the President stated that PRONADE, one of the most important landmarks to be left in Uruguay by international cooperation, has become the symbol of breaking the fetters of paper, a success that has saved million of dollars and facilitated the life of citizens and leaders.

TANZANIA

Project URT/90/510 (Strengthening Management in the Public Sector). The Government of Tanzania's Civil Service Reform Programme builds on a long history of improvement efforts going back to the Adu Commission of 1961. Nevertheless, a 1990 MDP report showed continuing deterioration, characterized by overstaffing, decrease in real salary and/or buying power, and consequent low levels of morale. The 1988 Civil Service Census, carried out with UNDP support, corroborates this disarray. Among other things, it found 16,019 "ghostworkers".

Not until the late 1980s did the Government make a commitment to serious Civil Service reform after noting the impact weak institutions can have on overall economic reform. When it sought assistance to rejuvenate its bureaucracy, MDP responded with a comprehensive Civil Service reform programme. This new effort distinguishes itself from others in that a large percentage of the work is carried out by national consultants and the technical work produced is of the highest calibre. Its conclusions are laying the foundation for

long-term, sustained capacity-building in areas such as personnel control and improved motivation and productivity.

A major initiative completed in 1992 identified redundant staff and government services suitable for contracting out and privatizing. This will allow a 30 per cent reduction in the size of the Civil Service and free up funds to pay for long overdue salary increases. There will also be many complementary efforts to improve the efficiency and effectiveness of public services by focusing on results rather than rules. A major challenge now is to finance the severance pay needed for the retrenchees. The Government has agreed to a formula taking into account present salary and years of service but expects new aid from donors to pay for it.

VIET NAM

Project VIE/88/543 (Strengthening Economic Management). Owing to the absence of the Bretton Woods institutions and the limited role played in the past by bilateral donors, UNDP has had a crucial role in helping the Government implement its macroeconomic stabilization programme. The MDP strategy was to help Viet Nam's economic managers to learn from the reform experiences of other countries and to strengthen their understanding of the nature and use of macroeconomic policy instruments in an open and market-based economy.

To this end, the project has supported four high-level study tours for 59 senior officials from the Office of the Council of Ministers and from the main economic ministries, as well as four in-country training courses of five to seven weeks each for nearly 300 other officials. A fifth in-country course was mounted for 60 economic trainers. The Economic Development Institute of the World Bank helped to produce training materials. Thirty-five long-term fellowships in development economics have been provided. A two-week senior policy seminar on the economy of Viet Nam involved 10 ministers, 30 vice-ministers or similar ranking officials, and 20 department directors. Trained officials have returned to their positions in the Government, and according to the terminal tripartite review of the project, they are more effective economic managers in policy formulation and in leading Viet Nam's transition to an open, market economy. A follow-on project is now under formulation to address the need for improved productivity across the Civil Service.

DJIBOUTI

Project DJI/92/501 (Management Development Programme). Taking into account the country's vibrant service-based economy, against a rather limited expansion of the private sector, the Government of Djibouti decided to promote the expansion and diversification of private sector activities as a matter of priority within its national development plan for 1991-2000.

To this end, the MDP project objectives are to assist in establishing a favourable administrative and regulatory environment and to strengthen an internal structure that will help in the preparation of policies and the coordination of actions as they relate to the private sector. The project will also assist the Government in the creation of a comprehensive data system on the private sector and its foreign investment policy. Within this framework, a government structure in charge of private sector development was established in

1992. Three distinct entities have already started operating: a decision-making committee, a unit providing technical assistance and an advisory joint committee to deliberate on decisions and measures relating to the private sector.

Preliminary meetings and discussions with the Government have shown that a policy consensus exists for the promotion of private sector development (particularly the production of exports by the private sector). These contacts have also highlighted the fact that the reforms to be introduced have the agreement in principle of different development partners and major donors. At the request of the Government, a background note on the new investment code has been prepared. The code is scheduled to be finalized by the first quarter of 1993.